The July *Review*

As the Nation celebrates its birthday every July 4, sparks fly in all directions with skyrockets bursting in air. Even beyond its cover, this issue seeks to send analytical sparks in many directions. Professors Fredric L. Pryor and David Schaffer are the latest to attack the issue of education and its impact on labor market outcomes. Their research question is, "If the college educated are flooding the job market, so that many must take jobs previously held by those with just a high school degree, then why are the wages of these college-educated workers rising?" Their extension of work that has previously appeared in this *Review* is based on a more detailed analysis of occupations and an explicit accounting for the level of functional literacy required to work in each occupation. They find that it is college graduates who lack relatively high, college-level literacy who take jobs requiring only a high school diploma, and that it is the jobs that require very high levels of functional literacy that are getting the big pay increases. This, claim Pryor and Schaffer, unmasks the paradox that had been raised by earlier papers.

Going off in the direction of unemployment, Stephen A. Wandner and Thomas Stengle examine different ways to measure the proportion of the jobless universe-at-risk filing for unemployment insurance. Over time, changes in the nature and structure of unemployment insurance programs and in the characteristics of a typical spell of unemployment have made it especially important that researchers know the analytical purposes for which they are using a recipiency measure and that they understand the construction of the particular recipiency rate they use. Wandner and Schaffer explain six different ways to construct a recipiency rate and what economic or program issue each method is best suited for investigating.

William D. Thomas illuminates the movements of producer prices during 1996. Prices at the finished goods level went up 2.8 percent last year, compared to 2.3 percent in 1995 and 1.7 percent in 1994. At earlier stages of processing, the signals were somewhat mixed. Prices for intermediate good rose barely 0.7 percent in 1996 after going up 3.3 percent in the previous year. On the other hand, price gains among crude goods accelerated from 5.5 percent in 1995 to 14.7 percent in 1996. The real sparklers in this annual overview come, as usual, in the details, in which the impact of things as diverse as the appearance of "buffalo wings" on appetizer menus to the expiration and reimposition of airline excise taxes are examined.

This issue also contains a summary of productivity trends in the general merchandising industry and a review of David L. Stebenne's new book, *Arthur J. Goldberg: New Deal Liberal*.

Triplett honored

Jack E. Triplett, Chief Economist of the Bureau of Economic Analysis and former Assistant Commissioner of the Bureau of Labor Statistics, has won the 1997 Julius Shiskin Award. In announcing the award, the Washington Statistical Society and the National Association of Business Economists recognized Dr. Triplett's broad contributions to economic statistics, ranging from the advancement of hedonic analysis in price measurement to the development of the North American Industrial Classification System (NAICS). His contributions have been characterized as being at the heart of today's efforts to provide improved economic information to policy makers and to ultimately understand the true wealth-creating potential of the American economy.

The Julius Shiskin Award was established by the family of the late Commissioner of Labor Statistics Julius Shiskin to honor original and important contributions to economic statistics and their use in interpreting economic events.

Outsourcing

In a recent survey of executives in its member companies, which tend to be larger and more likely to be manufacturers than are business units in the economy as a whole, the American Management Association determined that nearly all of the respondent companies contract at least one function to an outside vendor, and that the average number of outsourced activities was nine. Among these companies, cost reduction, time compression, and quality improvements were the most common reasons for outsourcing. However, many firms are not able to meet their performance expectations or goals for outsourcing. As a result, just over half of respondent firms had brought one or more previously outsourced function back in-house.

The August *Review*

Plans include articles on the coal mining and textile and apparel industries, flexible labor arrangements, and more on education and the labor market.